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RHMCSUU/FBI WASHINGTON DC PRIORITY
RUEKJCS/SECDEF WASHINGTON DC PRIORITY
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RUEAIIA/CIA WASHINGTON DC PRIORITY

UNCLAS HONG KONG 002047

SENSITIVE
SIPDIS

DEPT FOR PM/DTCC - BLUE LANTERN COORDINATOR
DEPT ALSO FOR EAP/CM

E.O. 12958: N/A
TAGS: [ETTC](#) [KOMC](#) [HK](#)
SUBJECT: BLUE LANTERN LEVEL 3: UNFAVORABLE END-USE CHECK ON
UNLICENSED EXPORT TO ELECTRO COMPANY

REF: SECSTATE 107940

¶1. (SBU) SUMMARY: Per reftel request, Post conducted end-use check on unlicensed export to Hong Kong's Electro Company with unfavorable results. In Post's assessment, Electro Company is not a reliable recipient of reftel items or any other controlled technologies/equipment. In addition to Post's work on this end-use check, this report contains information on Electro Company obtained from publicly available sources. END SUMMARY

¶2. (SBU) On October 30, Post's Economic Specialist contacted Electro Company employee Sharon Kwong (Point of Contact; POC), shared the shipment's detailed information, and asked for shipment receipt confirmation. Post also requested a meeting at Electro Company's address to further discuss reftel shipment (i.e., to visit site and conduct end-use check). Kwong stated she was simply an employee and was unaware of the shipment in question but would relay our message along with our contact details to her boss, a Mr. Dan Kan. Post's Econ Specialist contacted POC a second time the morning of November 2 and requested a meeting with her and Kan on November 3. POC initially declined on November 2 to meet with Post personnel, but later in the day contacted Econ Specialist relaying that Dan Kan would be available to meet on November 3.

¶3. (SBU) On November 3, Post's Blue Lantern Coordinator (BLC), Economic Officer, ICE Representative, and local ICE Investigator met for about 30 minutes with Dan Kan, who claimed to be the "Responsible Person" at Electro Company, but not the owner. Kan was extremely uncooperative during our short meeting and failed to provide any documentation, claiming inaccurately that Post officials did not explain to his employee (POC Sharon Kwong) the reason for our visit or even our Consulate affiliation. BLC explained the visit's purpose was to discuss the shipment of the unlicensed export of annunciators from U.S. seller Space Coast IC to Hong Kong's Electro Company in June. BLC informed Kan that the items in question are controlled and require an export license. Kan did not state whether he was aware that this shipment required a license but argued the U.S. exporter was at fault and should have noted the license requirement in the transaction's shipping documents. Furthermore, Kan refused to confirm receipt of the annunciators by Electro Company; did not speculate on the purpose for which the annunciators were purchased; did not provide any information on the ultimate end-user of the annunciators or their ultimate end-use; and did not reveal the location of the annunciators. Claiming he would need time to review his business transaction records, Kan said he would respond to our request

"ASAP." BLC pressed several times for an estimated response time, to which Kan would only add the information would be available ASAP, but not the same day. Subsequent to the site visit, BLC followed up with an electronic message to Kan, clearly spelling out details of the shipment in question and the additional information requested. To date, Kan has not responded to the message. On November 5, BLC placed a phone call to Kan, but was told he (Kan) "was still checking on the shipment in question."

¶4. (SBU) Ms. Sharon Kwong was not present during our November 3 visit and, after we expressed interest in meeting with her as she was the POC for the unlicensed export shipment, Kan refused to arrange any meeting. Throughout our meeting, Kan's demeanor was very guarded. He refused to provide any details about Electro Company (e.g., company's establishment date and main principals, number of employees, etc.) and made only general statements when pushed on the nature of the business (e.g., "Electro Company is a trading company that deals mainly in cars, audio systems, and alarms, with clients normally in North America and Europe"). The company has no other branches besides the office BLC visited, Kan stated.

Company's Physical Description

¶5. (SBU) Electro Company is located in a rural area in Hong Kong's New Territories. The operation is a two-story, stand-alone building inside a small car lot that is surrounded by a chain link fence. No human guard presence was visible; a caged-dog was spotted on the ground floor. Routine pad/key locks appeared to be the only physical

intruder protection on doors and windows, certainly nothing that would secure ITAR-controlled items. Post officers met Kan and were confined to a small waiting/meeting room adjacent to a larger makeshift office space and showroom on the second floor, separated by a glass window and closed door. Throughout the meeting, a person who appeared to be a female employee sat inconspicuously at a desk within the office, behind a computer screen. Kan did not permit a showroom tour but instead allowed showroom viewing through a separating glass window, upon officers' insistence. During our visit, ICE Representative attempted to take a photo of Electro Company's outer street sign, to which Kan reacted strongly, stating photo taking of private property was illegal.

Dan Kan, Electro Company's "Responsible Person"

¶6. (SBU) Dan Kan met Post officers at Electro Company's street level parking lot, where Kan's red sports car (Mitsubishi) was parked, license plate "DANNY." Kan appeared to be in his thirties and of South Asian descent, conversed briefly in Cantonese with local ICE investigator, and claimed to be from Hong Kong but educated in the United Kingdom.

Kan's Business Card Information

¶7. (SBU) This information is from Kan's business card:

- Characterized as Motor Vehicle Dealer
- Kan's name on the business card is simply "Dan K"
- Credentials on card: "B.Sc, MIS, MCP 1, MCSE
Microsoft Certified Systems Engineer"
- Mobile phone number: (852) 9472 7657
- Company's phone number: (852) 2631 9975
- Company's fax number: (852) 2631 9983
- Kan's e-mail address: sales@electrohk.com
- Company website: www.electrohk.com
- Electro Company's e-mail address: info@electrohk.com.

Publicly Available Information on Electro Company

18. (SBU) Post obtained the following information from public and readily available sources:

SOURCE: Hong Kong's Business Registry Office

a. Information on the business:

- Business Registration No. & Branch No.: 36826757-000
- Name of Business/Corporation in Chinese: NIL
- Name of Business/Corporation in English: ELECTRO COMPANY
- Business/Branch Name in Chinese: NIL
- Business/Branch Name in English: NIL
- Business Address:

DD 114 LOT 357 LOT 362 KAM TIN
RD PAT HEUNG KAM TIN C/O PO
BOX 576 KAM TIN POST OFFICE
NT

- Business Nature: TRADING, RETAIL, IMPORT & EXPORT,
SCRAPYARD
- Business Status: INDIVIDUAL
- Date of Commencement: 08/06/2006
- Date of Cessation/Dissolution: 00/00/0000

b. Information on the owner:

- Hong Kong Identity Card No.: K7327862
- Name/Business Name in Chinese: NIL
- Name/Business Name in English: KAUR, RAJWANT
- Residential Address/Business Address:

FLAT/RM 1303
YIU CHUNG HOUSE
MA ON SHAN
SHATIN, HK

- Incoming Date: 08/06/2006
- Outgoing Date: 00/00/0000

SOURCE: Hong Kong Trade Development Council (HKTDC) Website

- Office Address:
DD114 LOT 357 LOT 362 KAM TIN ROAD
WANG TOI SHAN PAT HEUNG, KAM TIN
YEUNG LONG, NEW TERRITORIES, HONG KONG
- Website: www.electrohk.com
- Contact Person: MS. SHARON KWONG
- Telephone: 852 2631 9975
- Fax: 852 2631 9983
- Position: PROPRIETOR
- Number of Staff: 1-5
- Year of Establishment: 2006
- Nature of Business: EXPORTER
- Major Export Market: WORLDWIDE
- Product/Service Range: USED ELECTRICAL HOME APPLIANCES,
SEMICONDUCTORS, ELECTRONIC COMPONENTS, ELECTRONIC PARTS
& ACCESSORIES, CHRISTMAS DECORATIONS
- Annual Turnover: US\$ 100,000 - 249,999

Conclusion

19. In Post's assessment, Electro Company is not a reliable recipient of reftel items or any other controlled technologies/equipment.

MARUT